



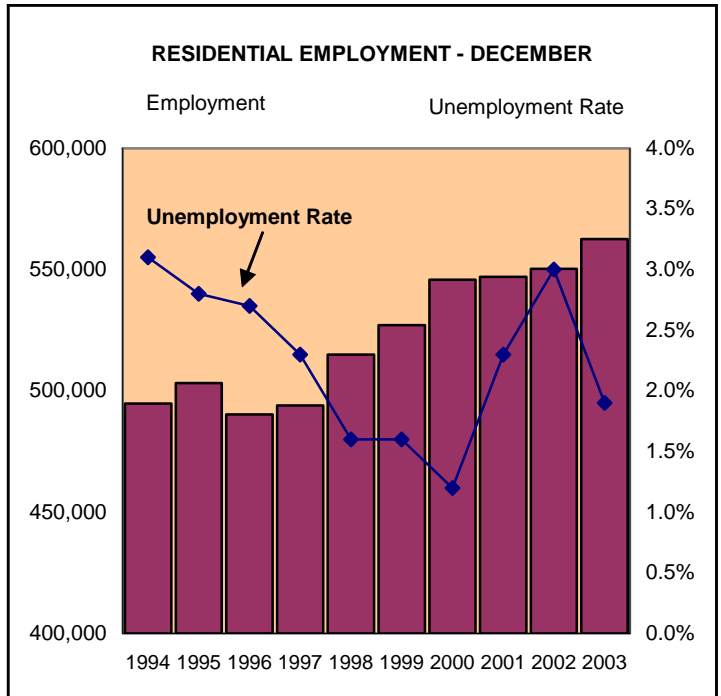
# ECONOMIC INDICATORS®

FAIRFAX COUNTY  
DEPARTMENT OF MANAGEMENT AND BUDGET

FEBRUARY 2004

## IN THIS ISSUE:

- The unemployment rate in Fairfax County for December 2003 declined to 1.9 percent from 2.1 percent in November.  
(See page 1)
- Sales Tax receipts for Fairfax County, representing retail purchases made from June through December 2003, have increased 9.0 percent over the same period of 2002.  
(See page 2)
- The overall growth rate of new residential permits in January increased by 122.4 percent and multifamily permits surpassed last year's January total by 267 or 476.8 percent.  
(See page 3)
- Sales volume increased for all existing (previously owned) home types, with existing single family homes experiencing growth of 11.8 percent in calendar year 2003. With the exception of new condominiums, sales volume has declined for all new home types in 2003.  
(See page 4 and *Special Insert Section*)
- In December, both the Fairfax County and Metropolitan Washington Coincident Indices increased compared to November 2003.  
(See page 7)
- Both the Fairfax County and Metropolitan Washington Leading Indices increased in December 2003. The level of each index is above that of one year ago.  
(See page 8)



Source: Virginia Employment Commission.  
Compiled by the Fairfax County Department of Management and Budget.

## Employment

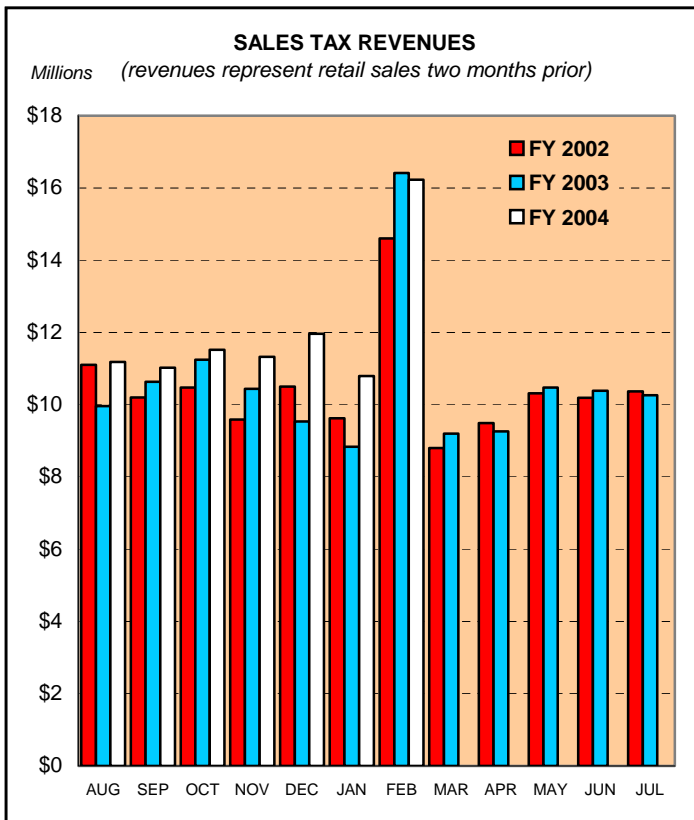
The December 2003 unemployment rate in Fairfax County declined to 1.9 percent from 2.1 percent in November. As reported by the Virginia Employment Commission (VEC), the number of employed Fairfax County residents was 562,537 in December 2003, an increase of 14,466, or 2.6 percent over December 2002. During this period, unemployment in Fairfax County fell 0.4 percentage points from 2.3 percent in December 2002 to 1.9 percent in December 2003.

Virginia's December 2003 unemployment rate was 3.3 percent, 0.1 percentage point below the 3.4 percent recorded in November. Virginia's unemployment rate in December was the lowest jobless rate in 31 months, since the 3.2 percent rate registered in May 2001. Compared nationally, Virginia's rate was well below the U.S. December 2003 unemployment rate of 5.4 percent.

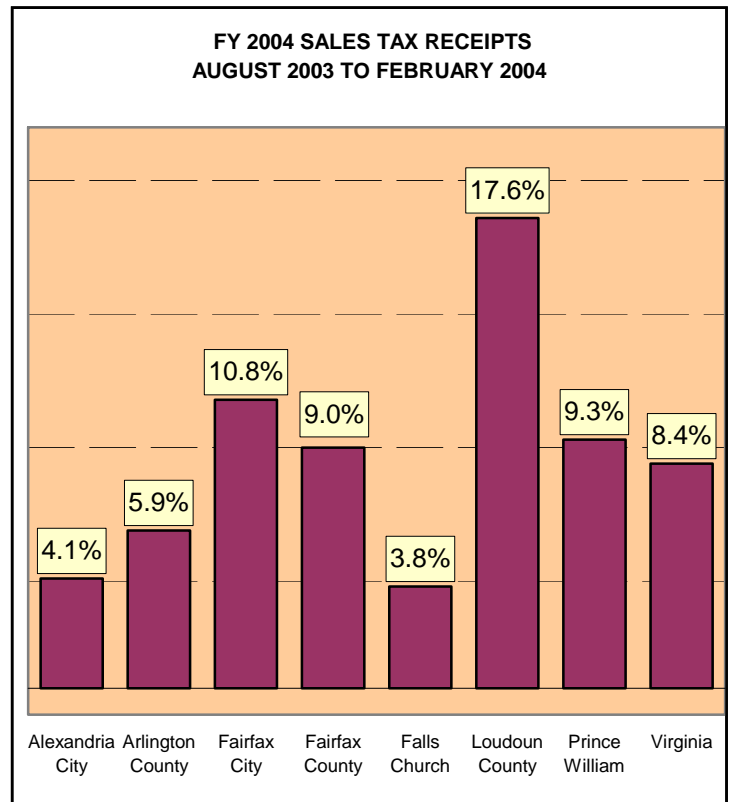


The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.fairfaxcounty.gov/comm/economic/economic.htm>



Source: Virginia Department of Taxation.  
Compiled by the Fairfax County Department of Management and Budget.



Source: Virginia Department of Taxation.  
Compiled by the Fairfax County Department of Management and Budget.

## Fairfax County Sales Tax Receipts

February Sales Tax receipts for Fairfax County, representing retail purchases made in December, are \$16.2 million, a decrease of 1.1 percent from January 2003. Through the first seven months of FY 2004, Sales Tax receipts are up 9.0 percent over the same period in FY 2003.

While Sales Tax receipts have been positive for the first seven months of FY 2004, sales during December fell slightly from December 2002. It will not be until March that Sales Tax receipts from purchases made in January are known.

## National Sales Tax Receipts

According to the Commerce Department, seasonally adjusted preliminary January retail sales estimates for the U.S. decreased 0.3 percent from the previous month and increased 5.0 percent over January 2003. Compared to last year, health and personal care store sales were up 6.8 percent, building materials and garden equipment sales were up 6.9 percent, and gasoline station sales were up 5.1 percent; Department store sales, however, were down 0.3 percent.

## Neighboring Jurisdictions

Sales Tax receipt growth during the period of August 2003 through February 2004 is positive for all of the Northern Virginia localities. These receipts correspond to retail purchases from June through December.

During this period, Sales Tax receipts are up double digits in Fairfax City at 10.8 percent and Loudoun County at 17.6 percent. Sales Tax receipts in Arlington County are experiencing 5.9 percent growth, Prince William County 9.3 percent, Alexandria 4.1 percent, and Falls Church 3.8 percent.

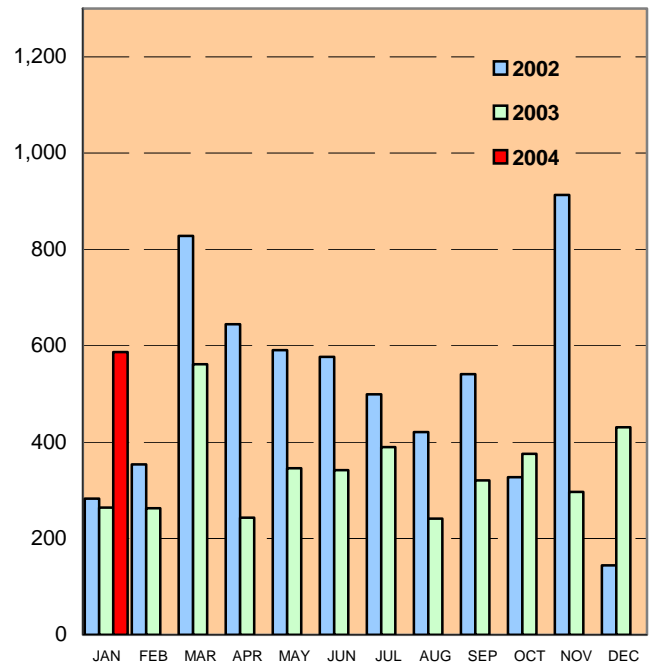
During the seven-month period of August 2003 through February 2004, Statewide Sales Tax receipts are increasing at a rate of 8.4 percent. The Northern Virginia localities mentioned above and Fairfax County comprised 32.7 percent of statewide Sales Tax receipts. Excluding Northern Virginia, growth of statewide Sales Tax receipts has been 8.0 percent over the same seven-month period.

## Building Permits

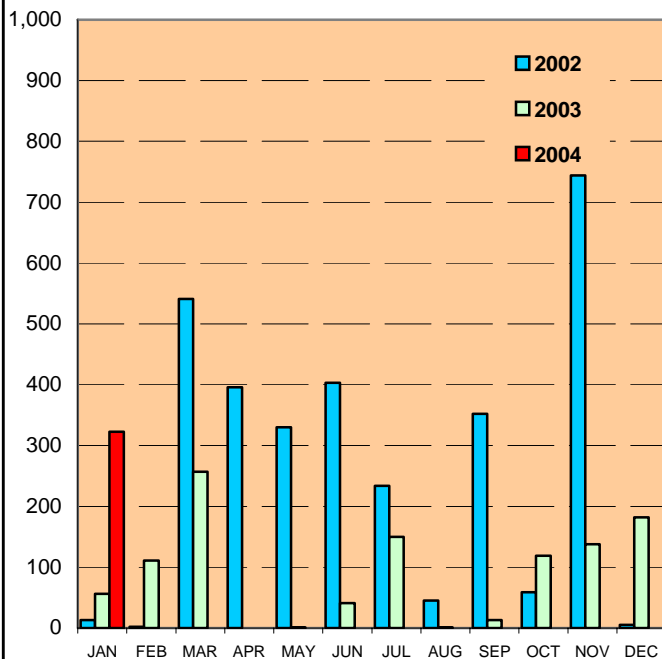
The issuance of new residential dwelling permits surged in January. In January 2004, 587 new residential dwelling permits were issued, up 122.4 percent, or 323 permits over January 2003. For the first month of calendar year 2004, 323 multifamily permits have been issued, surpassing last January by 476.8 percent or 267 permits. Single family permits issued in January 2004 total 264, up 26.9 percent, or 56 permits over January 2003.

Residential repair and alteration permits issued in January 2004 are 268 and have declined 60.6 percent, or 412 permits, from January last year.

**NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW DWELLINGS**

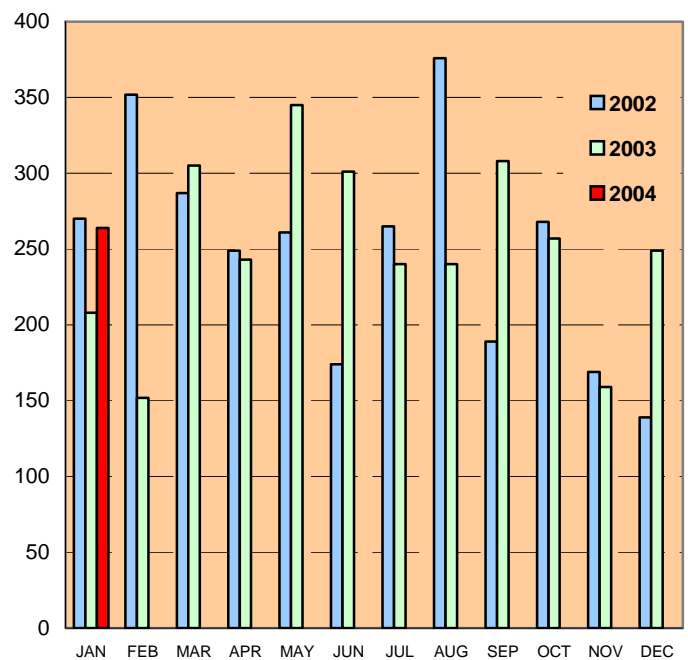


**NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW MULTIFAMILY DWELLINGS**



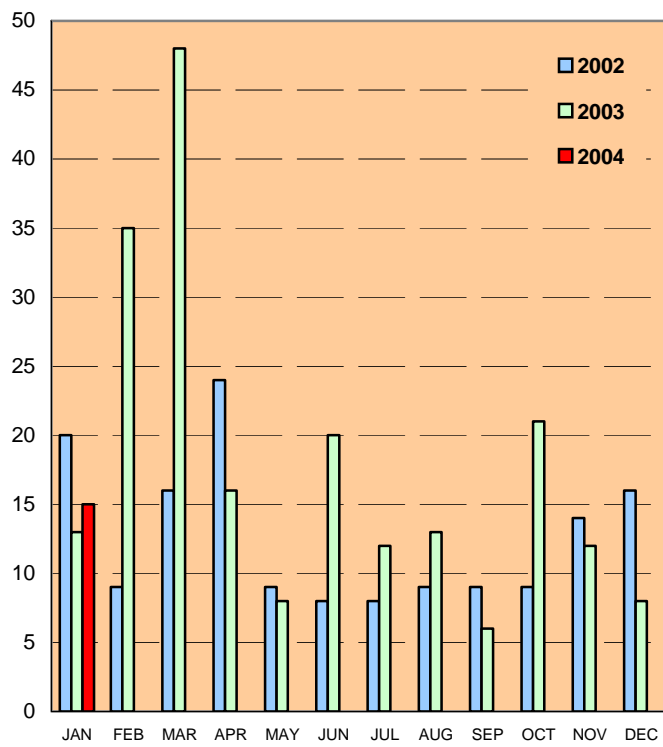
**NOTE:** In August 2001 and 2003, only one multifamily permit was issued and in February 2002, only two permits were issued; in April 2003, no permits were issued; therefore, the bars are too small to discern.

**NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW SINGLE FAMILY DWELLINGS**



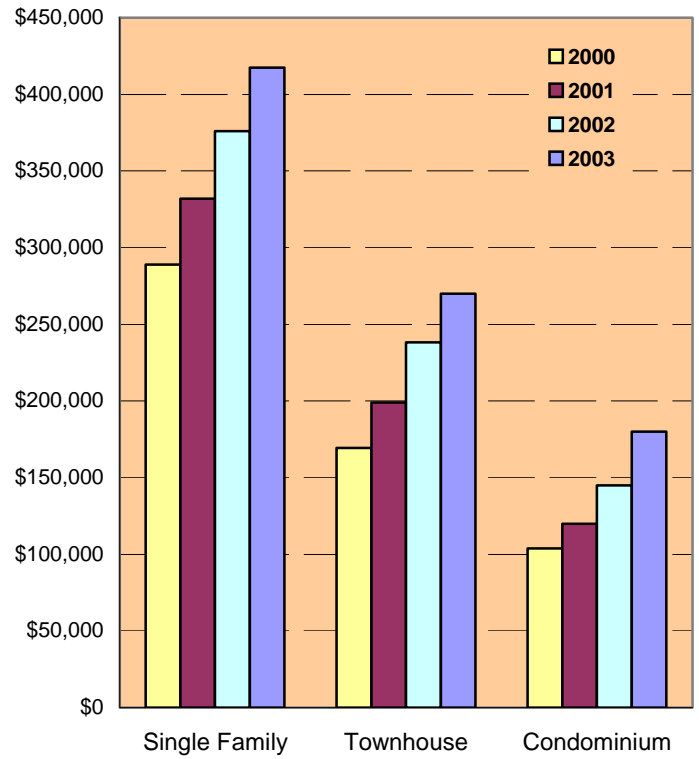
Source of data for all above charts: Virginia Department of Taxation. Compiled by the Fairfax County Department of Management and Budget.

**NUMBER OF NONRESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW STRUCTURES**



Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

**MEDIAN PRICE OF EXISTING HOMES SOLD  
ANNUAL MEDIAN PRICES 2000 - 2003**



Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

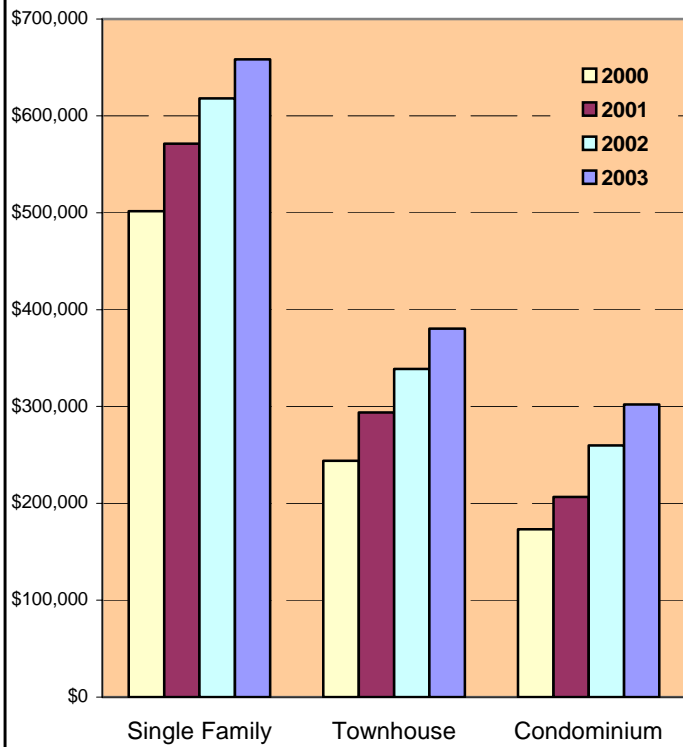
## Nonresidential Building Permits

In January 2004, 15 nonresidential building permits were issued, up 15.4 percent, or 2 permits, over January 2003. Nonresidential repair and alterations permits issued in January 2004 were 272, an increase of 12.9 percent or 31 permits, over January 2003.

## Sales Prices for Existing Homes

All types of existing (previously owned) homes in Fairfax County experienced strong growth in median sales prices in 2003. For existing single family homes, the median sales price increased to \$417,500 over the 2002 median of \$376,000, representing growth of 11.0 percent. The 2003 median for townhomes grew to \$269,900 from the 2002 median of \$238,265, reflecting growth of 13.3 percent. The median for condominiums increased from \$145,000 in 2002 to \$180,000 in 2003, representing growth of 24.1 percent.

**MEDIAN PRICE OF NEW HOMES SOLD  
ANNUAL MEDIAN PRICES 2000 - 2003**



Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

## Sales Prices for New Homes

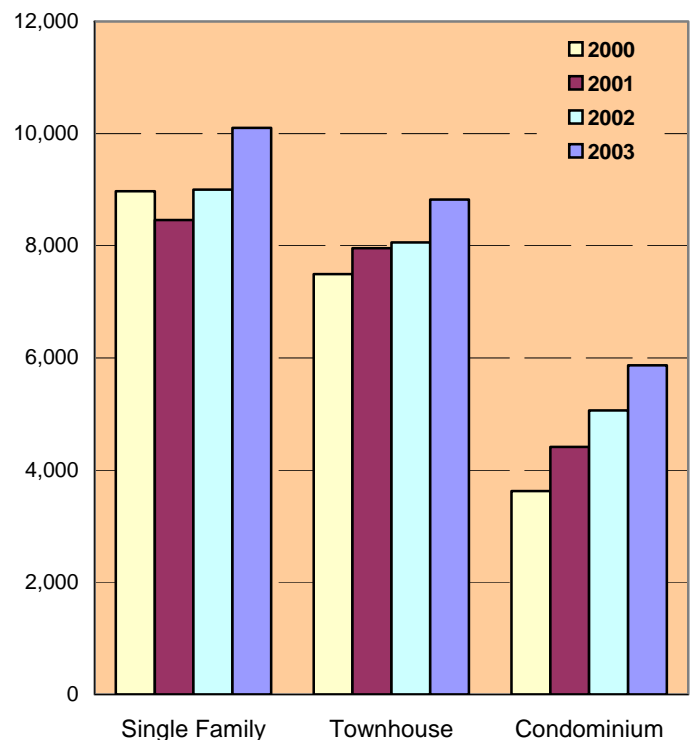
The median sales price of new homes in Fairfax County experienced strong growth in 2003. For new single family homes, the median sales price increased to \$658,311 from the 2002 median sales price of \$618,131, representing growth of 6.5 percent. The 2003 median for townhomes grew to \$380,455 from the 2002 median of \$338,875, reflecting growth of 12.3 percent. The median sales price for condominiums increased from \$259,830 in 2002 to \$302,050 in 2003, representing growth of 16.3 percent.

**PERCENTAGE CHANGE IN MEDIAN PRICE OF  
HOMES SOLD YEAR-END 2002  
COMPARED TO YEAR-END 2003**

	Existing Sales	New Sales
Single Family	11.0	6.5
Townhouse	13.3	12.3
Condominium	24.1	16.3

Changes in selling prices, coupled with the volume of sales, are generally considered reasonable indicators of the County's real estate market. Median selling price increases do not translate directly into assessment adjustments, however, since the mix of homes sold is not necessarily reflective of the County's entire housing stock. Changes in median selling prices are comparisons to the prices of homes sold during the prior year, and the type of homes sold (i.e., model, size, age, location, etc.) varies from one year to the next. The key factor in real estate assessments is not the change in the median sale price, but the relationship of assessments to selling prices within neighborhoods.

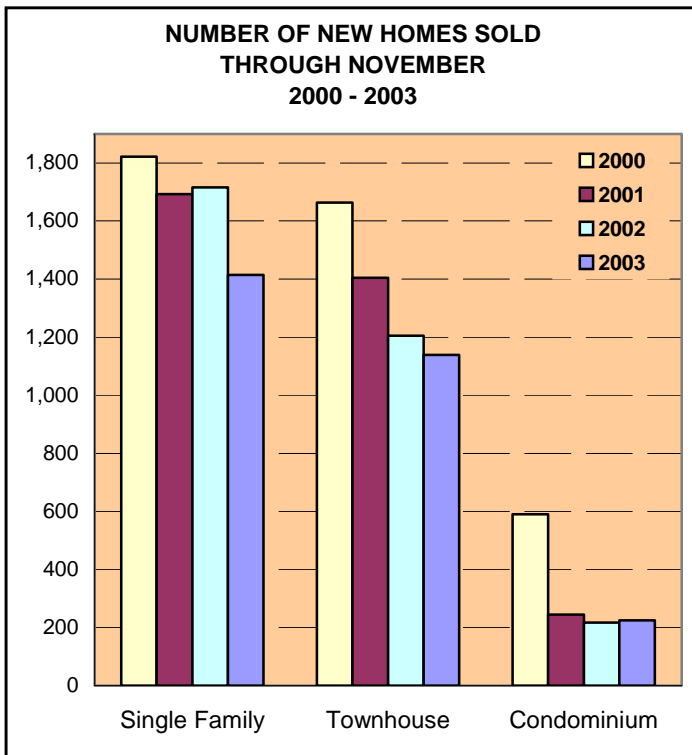
**NUMBER OF EXISTING HOMES SOLD  
THROUGH NOVEMBER  
2000 - 2003**



Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

## Sales Volume for Existing Homes

Sales volume for existing (previously owned) homes is up for all home types through calendar year 2003. Sales of existing townhomes increased 9.0 percent from 8,098 to 8,824 and condominium sales were up 13.6 percent from 5,163 to 5,866. Single family homes sales have increased 11.8 percent in calendar year 2003, from 9,032 to 10,100.

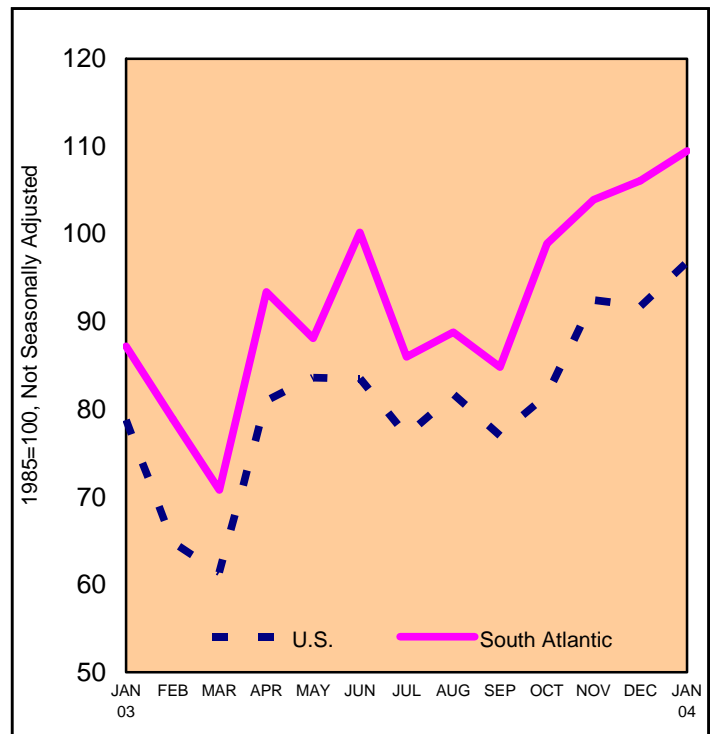


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

## Sales Volume for New Homes

With the exception of condominiums, sales volume was down for all new home types in calendar year 2003. Sales of new townhomes decreased 5.8 percent, from 1,209 to 1,139, while single family home sales fell 17.6 percent in calendar year 2003, from 1,716 to 1,414. New condominium sales; however, increased 3.7 percent from 217 in 2002 to 225 in calendar year 2003.

## ADDITIONAL INDICATORS



Source: The Conference Board. Compiled by the Fairfax County Department of Management and Budget.

## Consumer Confidence Index

The Conference Board reports that the Consumer Confidence Index increased 5.1 points in January 2004. The Index now stands at 96.8, compared to 91.7 in December. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, "Consumer confidence is now at its highest level since July 2002, when the Index registered 97.4."

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. The Present Situation Index measures consumers' confidence in current business and employment conditions, while the Expectations Index measures consumers' confidence in business, employment, and family income prospects six months hence. The two indices are averaged to form the composite Consumer Confidence Index.

In January, the Present Situation Index increased to 80.0 from 74.3 points, a 5.7 point gain over last month. Franco said, "Consumers' assessment of current conditions strongly hinges on improvements in the labor market," which she describes as continuing to be both weak and volatile. The Expectations Index increased to 108.1 from 103.3 for a 4.8 point gain. This increase reflects consumers' growing optimism about the overall health of the economy.

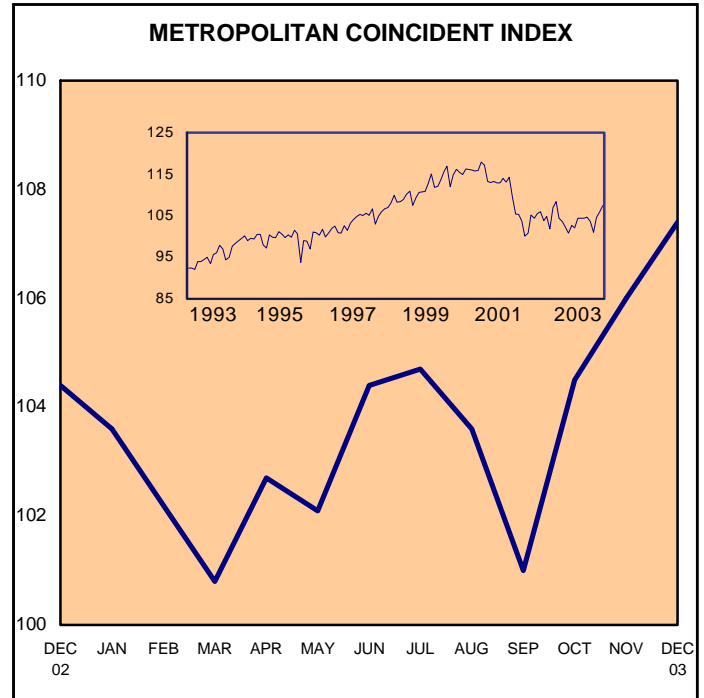
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in the coming months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices, which consider the Washington Metropolitan economy. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

## Fairfax County Coincident Index



The Fairfax County Coincident Index, which represents the current state of the County's economy, increased to 129.7 in December 2003, a 1.8 percent gain over November. With the increase in December, the Index has been positive for five consecutive months and is currently 2.3 percent above its December 2002 value.

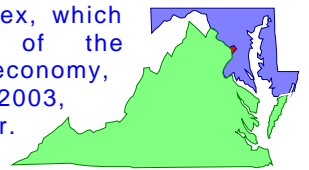
In December, three of the Index's four components were positive. Consumer Confidence (in the present) increased for the fourth month in a row; transient occupancy tax collections, adjusted for inflation and seasonal variation, registered its fourth monthly gain in five months; and sales tax collections, adjusted for inflation and seasonal variation, increased for the fifth time in seven months. In contrast, total employment registered a marginal decline (-0.13 percent) after ten monthly gains.



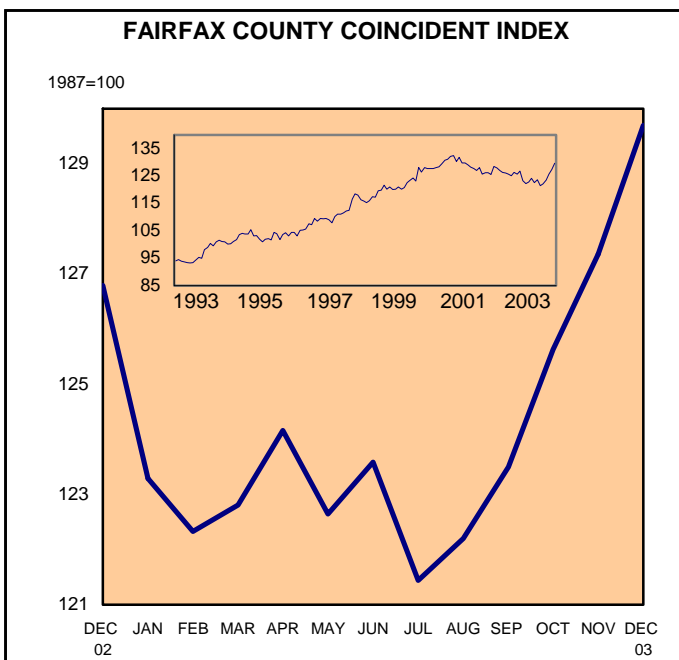
Source: Center for Regional Analysis, George Mason University.  
Compiled by the Fairfax County Department of Management and Budget.

## Metropolitan Coincident Index

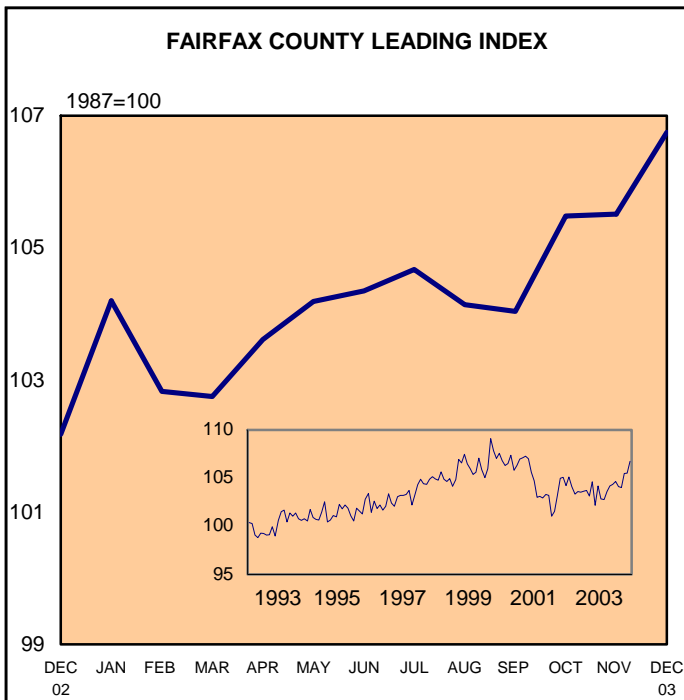
The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, increased to 107.4 in December 2003, a 1.3 percent gain over November. December's increase marks the first time in more than two years that the Index has surpassed its same month value, exceeding the December 2002 value by 1.9 percent.



In December, two of the Index's four components were positive. Consumer Confidence (in the present) registered its fourth consecutive monthly gain and domestic passenger volume at Reagan National and Dulles Airports increased sharply for a second month. Wage and salary employment decreased marginally following three monthly gains and nondurable goods retail sales declined in December for a second month.



Source: Center for Regional Analysis, George Mason University.  
Compiled by the Fairfax County Department of Management and Budget.



Source: Center for Regional Analysis, George Mason University.  
Compiled by the Fairfax County Department of Management and Budget.

## Fairfax County Leading Index



The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, increased to 106.8 in December 2003, a 1.2 percent gain over November. The increase in December is the seventh in nine months, exceeding same-month

2002 values for eight consecutive months. The Index is currently up 4.5 percent over its December 2002 value.

In December, four of the Index's five components contributed to its gain. New automobile registrations increased for the second time in three months; consumer expectations (consumer confidence six month hence) gained for the third consecutive month; residential building permits issued registered the largest gain of the year; and the total value of residential building permits increased sharply following two monthly declines. In contrast, initial claims for unemployment insurance increased (worsened) in December for the second time in eight months.

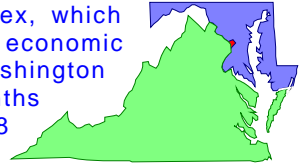
Inquiries should be directed to:

**The Department of Management and Budget**  
12000 Government Center Parkway, Suite 561  
Fairfax, Virginia 22035-0074  
(703) 324-2391 or 1-800-828-1120 (TDD)

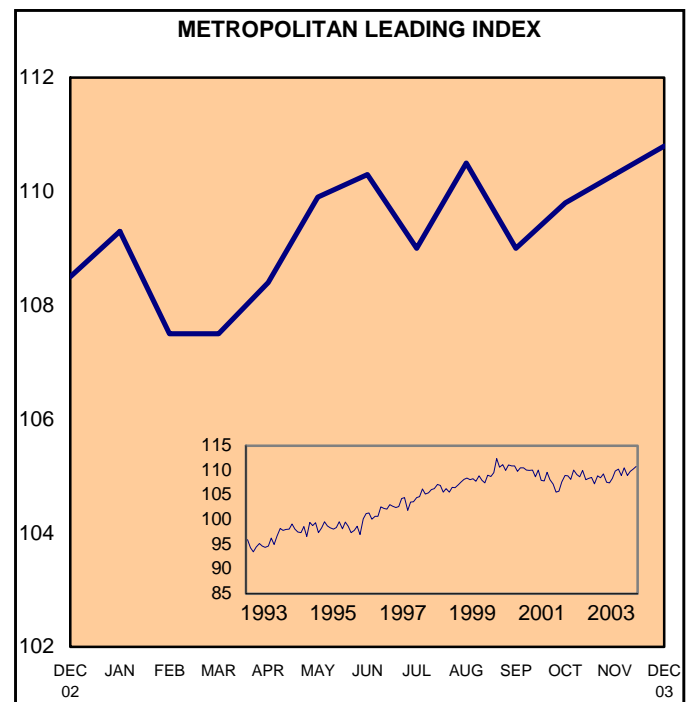
Staff: Susan Datta, Director; Marcia Wilds and Jameson Penn, analysts.

## Metropolitan Leading Index

The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 6 to 8 months in advance, increased to 110.8 in December 2003, a 0.5 percent gain over November. The Index has registered increases in seven of the last nine months and is currently 2.5 percent above its December 2002 level.



In December, four of the Index's five components contributed to its gain. Durable goods retail sales increased for a second month; the Help Wanted Index registered its second gain in December; total residential building permits rebounded sharply after three monthly declines; and Consumer expectations (consumer confidence six months hence) gained for a third month in a row. Initial claims for unemployment insurance increase (worsened) following two monthly declines.



Source: Center for Regional Analysis, George Mason University.  
Compiled by the Fairfax County Department of Management and Budget.